THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S S PALANIMANICKAM) (a) There is no evidence to suggest that most of the co-operative societies having taxable income are not filing their returns of income or are evading payment of tax Wherever any default on the part of co-operative societies in filing their returns or payment of taxes due comes to the notice of the Department, appropriate action is taken

(b) and (c) Not applicable in view of (a) above

Education loans

2154 DR ALLADI P RAJKUMAR Will the Minister of FINANCE be pleased state

(a) whether the budget announcement on collateral free education loans up to Rs 7 5 lakhs to students has still not been implemented by banks,

(b) if so, the reasons therefor, and

(c) whether the guidelines in this regard have not been issued thus depriving students to get admission in professional courses this year?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S S PALANIMANICKAM) (a) and (b) The information is being collected and will be laid on the Table of the House

(c) In consonance with Budget announcement 2004-05, Indian Banks Association has issued a circular on July 23, 2004 to all member banks not to ask for collateral on loans up to Rs 7 5 lakh Accordingly, now no security is required for loans up to Rs 4 lakh, only a satisfactory third party guarantee is enough for loans above Rs 4 lakh and upto Rs 7 5 lakh and collateral security of suitable value is required for loans above Rs 7 5 lakh

Revised inspection system for Banks

2155 SHRI EKANATH K THAKUR Will the Minister of FINANCE be pleased to state

(a) whether it is a fact that the Reserve Bank of India proposes to implement the revised inspection system for banks after shifting to the Risk Based Supervision (RBS) system,

(b) whether in the proposed RBS system, the supervisory tools will focus on greater off site surveillance and targeted on-site inspections, and

(c) if so, the advantages of revised inspection system?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S S PALANIMANICKAM) (a) and (b) Yes, Sir As per announcement made by Reserve Bank of India (RBI) in its monetary and credit policy statement for 2000-01, RBI has developed an overall plan for monitoring towards Risk Based Supervision (RBS) The basic tool for RBS system would be risk profile templates prepared by the banks and vetted by RBI. The risks are segregated into eight inherent business risks and four control risks, based on the risk matrix of individual bank RBS will focus on targeted on-site inspections depending upon the overall risk of individual risk parameters of the said bank, level of risk etc In addition to targeted on-site monitoring, banks are subjected to continuous monitoring through off-site surveillance mechanism

(c) RBS would benefit the supervisor (RBI) and the supervised entities (banks) The adoption of RBS would lead to deeper understanding of the risks faced by banks and thereby, facilitate optimum use of scarce supervisory resources and direct supervisory attention to those banks and those areas within the banks, which cause more supervisory concern RBS ensure prompt compliance with the regulatory and supervisory requirements of RBI It would also benefit banks in two ways, first, it would enhance the bank's own capability for risk management and risk control and second, it will provide a built in incentive of lesser supervisory intervention for the good performer

Poor utilization of funds by States

2156 DR T SUBBARAMI REDDY
SHRIMATI AMBIKA SONI

Will the Minister of FINANCE be pleased to state

(a) whether the Comptroller and Auditor General has pointed out that the States fund utilization has been very poor which is nearly about 11 per cent,

(b) if so, whether despite outlay to the tune of Rs 13,823 crores for 24 States under the Accelerated Irrigation Benefit Programme less that 30 per cent of the target irrigation potential was created,